

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 SP-03 AID-20 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 PA-04 PRS-01 USIA-15 INT-08 FEA-02

DRC-01 /167 W

----- 101848

R 121614Z JUL 74

FM AMEMBASSY PORT OF SPAIN

TO SECSTATE WASHDC 6653

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY GEORGETOWN

AMEMBASSY KINGSTON

AMCONSUL PARAMARIBO

C O N F I D E N T I A L PORT OF SPAIN 1665

E.O. 11652: GDS

TAGS: EMIN EFIN EIND TD US

SUBJECT: ASSESSMENT OF INVESTMENT, TAXATION, AND EXPROPRIATION
TRENDS IN THE ALUMINUM/BAUXITE INDUSTRY

REF: STATE 145450

1. ALTHOUGH TRINIDAD IS NOT A BAUXITE PRODUCER, IT IS THE SITE OF A PROPOSED JOINT-VENTURE ALUMINUM SMELTER TO BE BUILT BY THE GOVERNMENTS OF GUYANA, JAMAICA AND TRINIDAD (SEE BELOW FOR PRIOR REPORTING ON THIS SUBJECT). DESPITE THE NEED TO OBTAIN FOREIGN FINANCING FOR THIS PROJECT, WE EXPECT THE GOTT TO SUPPORT ACTIONS BY GOVERNMENTS OF BAUXITE PRODUCER COUNTRIES TO OBTAIN GREATER REVENUE FROM--AND PARTICIPATION IN--FOREIGN ALUMINUM FIRMS. SUCH AN ATTITUDE WOULD BE CONSISTENT WITH THE GOTT'S OWN INSISTENCE UPON MAJORITY LOCAL PARTICIPATION IN ALL NEW MAJOR INVESTMENTS AND ITS POLICY OF GRADUALLY ACQUIRING PARTICIPATION IN THE FOREIGN-DOMINATED PETROLEUM SECTOR.

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2. SINCE THE PROPOSED ALUMINUM SMELTER WILL BE JOINTLY OWNED BY THE THREE GOVERNMENTS, NATIONALIZATION/EXPROPRIATION QUESTIONS WILL NOT ARISE. RAW MATERIALS, HOWEVER, WILL COME FROM PRIVATE FOREIGN FIRMS (GUYANA AND JAMAICA WILL SUPPLY ALUMINA, WHILE TRINIDAD WILL PROVIDE ELECTRIC POWER PRODUCED BY NATURAL GAS) WHICH WILL PROBABLY COME UNDER PRESSURE FOR GOVERNMENT PARTICIPATION. FOR ITS PART, THE GOVERNMENT OF TRINIDAD HAS ALREADY INDICATED THAT IT WILL OWN THE PIPELINE AND POWER PLANT INVOLVED IN THE SMELTER PROJECT, AND THAT IT DESIRES EQUITY PARTICIPATION IN AMOCO'S OFFSHORE NATURAL GAS AND OIL OPERATIONS.

3. WE HAVE PREVIOUSLY REPORTED ON THE ALUMINUM SMELTER PROJECT IN POS 1223, POS 1352, AND POS 1534. THE TEXT OF A JOINT STATEMENT OF SUPPORT OF THE GOJ POSITION ON BAUXITE NEGOTIATIONS ISSUED BY PRIME MINISTERS WILLIAMS OF TRINIDAD AND BURNHAM OF GUYANA WAS TRANSMITTED TO THE DEPARTMENT UNDER POS A-50, JUNE 14, 1974.
MILLER

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Message Attributes

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